

**Amendments to the Claims:**

This listing of claims will replace all prior versions, and listings, of claims in the application:

**Listing of Claims:**

1. (Previously Amended) A computer-implemented method for determining a preferred set of prices for a plurality of products, the method being implemented as a plurality of program instructions in a computer system, the method comprising:
  - receiving, using the computer system, a plurality of demand coefficients;
  - receiving, using the computer system, known cost data including activity-based costs;
  - imputing, using the computer system, missing or incomplete cost data to give imputed cost data;
  - combining using the computer system, said known cost data with said imputed cost data to give a combined cost data set;
  - generating, using the computer system, a sales model from the plurality of demand coefficients;
  - generating, using the computer system, a cost model from the combined cost data set, and wherein the activity-based costs include variable costs and fixed costs, further wherein said cost model determines a total cost for each product in a given demand group in a given store for a given time period by computing a cost for each selected costing activity;
  - receiving, using the computer system, a set of actual prices;
  - initializing, using the computer system, a set of incumbent prices to the set of actual prices;
  - generating a local optimum by applying, using the computer system, the set of incumbent prices to the sales model and the cost model wherein the local optimum for the preferred set of prices maximizes profit; and
  - generating the preferred set of prices by applying, using the computer system, the local optimum prices to the sales model and the cost model in an iterative manner until the preferred set of prices is reached.

2. (Previously Amended) The method, as recited in claim 1, further comprising specifying, using the computer system, a plurality of rules, and wherein the generation of the preferred set of prices comprises:

determining, using the computer system, a set of starting prices; and wherein the generation of the local optimum for the preferred set of prices for the plurality of products includes complying with the plurality of rules, further wherein said plurality of rules constrain the preferred set of prices to fall within limits conforming to business strategy.

Claims 3-6 (Previously Canceled)

7. (Previously Amended) The method, as recited in claim 1, wherein the cost data is from an individual store and the preferred set of prices is generated for said individual store.

8. (Previously Amended) The method, as recited in claim 1, wherein the cost data is from a cluster of stores and the preferred set of prices is generated for said cluster of stores.

9. (Previously Amended) The method, as recited in claim 1, further comprising:  
generating, using the computer system, equivalent prices for said plurality of products by dividing individual product prices by a standardized unit of measure; and  
incorporating, using the computer system, said equivalent prices into said sales model.

10. (Previously Amended) The method, as recited in claim 1, wherein said demand group is a set of highly substitutable products.

11. (New) An apparatus for determining a preferred set of prices for a plurality of products, the apparatus comprising:

an econometric engine configured to receive a plurality of demand coefficients and to generate a sales model from the plurality of demand coefficients;

a financial engine configured to receive known cost data including activity-based costs and to impute missing or incomplete cost data to give imputed cost data, the financial engine also configured to combine said known cost data with said imputed cost data to give a combined cost data set, the financial engine further configured to generate a cost model from the combined cost data set, and wherein the activity-based costs include variable costs and fixed costs, further wherein said cost model determines a total cost for each product in a given demand group in a given store for a given time period by computing a cost for each selected costing activity; and

an optimization engine configured to receive a set of actual prices and to initialize a set of incumbent prices to the set of actual prices, the optimization engine also configured to generate a local optimum by applying the set of incumbent prices to the sales model and the cost model wherein the local optimum for the preferred set of prices maximizes profit, the optimization engine further configured to generate the preferred set of prices by applying the local optimum prices to the sales model and the cost model in an iterative manner until the preferred set of prices is reached.

12. (New) The apparatus as recited in claim 11, wherein the optimization engine is further configured to specify a plurality of rules, and wherein the generation of the preferred set of prices includes determining a set of starting prices; and wherein the generation of the local optimum for the preferred set of prices for the plurality of products includes complying with the plurality of rules, further wherein said plurality of rules constrain the preferred set of prices to fall within limits conforming to business strategy.

13. (New) The apparatus as recited in claim 11, wherein the cost data is from an individual store and the preferred set of prices is generated for said individual store.

14. (New) The apparatus as recited in claim 11, wherein the cost data is from a cluster of stores and the preferred set of prices is generated for said cluster of stores.

15. (New) The apparatus as recited in claim 11, wherein the econometric engine is further configured to generate equivalent prices for said plurality of products by dividing individual product prices by a standardized unit of measure, and to incorporate said equivalent prices into said sales model.

16. (New) The apparatus as recited in claim 11, wherein said demand group is a set of highly substitutable products.